



**CITIZEN'S REVENUE REVIEW AND  
ECONOMIC COMPETITIVENESS COMMISSION**

**MEETING MINUTES FOR  
THURSDAY, APRIL 22, 2010, AT 3:30 P.M.  
COUNCIL CHAMBERS (12<sup>TH</sup> FLOOR),  
202 C STREET, SAN DIEGO, CALIFORNIA**

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The meeting was called to order at 3:37 PM by Chair Bob Nelson.

**Commissioners Present:** Moser, Barros, Singh, Morton, Nelson

**Commissioners Absent:** Bonanno, Gin, Standifird

**NON-AGENDA PUBLIC COMMENT:**

- Chester Mordasini of the Teamsters Local 911, representing S.D. lifeguards, emphasized the lifeguard's interest in corporate sponsorship. He indicated the lifeguards essentially have deals ready to go, and that every opportunity should be taken advantage of so they can fund more positions. Banda aid sponsorship is prime example.

**COMMISSION COMMENTS:** None.

**COUNCILMEMBER, CITY ATTORNEY, IBA, CITY AUDITOR AND MAYORAL STAFF  
COMMENT:** None.

**ADOPTION AGENDA:** Action not required.

**INFORMATION/DISCUSSION ITEMS:**

**ITEM-1:** Presentation from Financial Management on the Five-Year Financial Outlook:

- No increase in salaries/wages for City employees, continue funding for priority areas
- Deficit is \$72.5 M in FY 2012 with declining deficits in 2013-2015 (\$68.4M, \$69.9M, \$48.1M)

Commissioner Nelson asked whether public safety will remain intact or is everything on the line. Response: That is the issue – how do we prioritize? Public safety is a high priority of the mayor. Up to this point, there have been no sworn police/fire layoffs. As many as 20% of non-public safety employees could be laid off.

**ITEM-2** Report From the Housing Commission on Linkage Fees

- Linkage fees are an impact fee, which require a nexus – nexus amount is

derived from specific economic analysis for particular income groups, and then fees are calculated to mitigate the documented impact.

- Fees can only be used for that purpose.
- In 1996, Fee was reduced by 50% from its original rate and has not increased since that time.

### **ITEM-3** Discussion with Stakeholders on Linkage Fees

Presentation from the San Diego Housing Federation:

- Emphasized that having to pay higher wages to recruit/retain workers is a bigger barrier than paying linkage fees.
- 46% of all households pay more than 30% of income for housing
- Linkage Fee is *De Minimis*
- Fees are less than 1% of Development Costs

Presentation from Craig Benedetto, representing BOMA and NAIOP

- Urged CRRECC to find/recommend that linkage fees are detrimental to City's competitiveness
- Freeze fee at current levels or eliminate altogether.
- Fees supporting affordable housing should be broadly based, not focused on new investment – especially investment tied to job growth.

Matthew Jumper, San Diego Interfaith Housing Foundation, voiced his support of the Housing Federation's goals, achievements – urged commission to recommend continuing the fee while expanding sources of income for the Trust Fund.

Theresa Quiroz, Affordable Housing Coalition: Asked that linkage fees be raised to at least the average level of cities that have linkage fees.

Mike Nagy, San Diego Regional Chamber of Commerce: Do not raise linkage fees, keep at current levels, if the city decides to keep fees at all. Broader sources need to be considered as the funding source for affordable housing.

Steve Maciej, San Diego Building Industry Association: Echoed sentiment that the City needs to look for broader sources to fund the Trust.

Faith Picking, BIOCUM: New business will not come to San Diego if fees go up. Many choose between Texas and San Diego, and ultimately go with more tax friendly Texas. Companies have a better relationship with Gov. Rick Perry than they do with SD council members.

## “Roundtable” Discussion

Q: What is the San Jose Approach that has been mentioned?

A: Benedetto: A “quality of life initiative” financed by a bond. Would involve economic development commission and a “regional” approach.

Q: How do the members of BOMA/NAIOP reconcile not wanting to fund affordable housing, while saying they support affordable housing?

A: Benedetto: If it is a societal interest, there should be a broad-based way to finance. We also have questions about the nexus.

Q: How serious are they about supporting – self-imposed fees, sales tax?

A: Benedetto: We would not rule out sales tax, but at this point, it’s conceptual.

Faith Picking of Biocom provided anecdotal evidence that at least one company(Leap Wireless) seeking to build a 1-million square foot project did not come to San Diego because of linkage fee costs. Commissioner Moser questioned whether this was typical or one extreme example.

Commissioner Moser stated that San Diego may think it needs to compete with places like San Francisco and that we need to keep our rates low to compete, but does the outside perceive the rates as reasons to come to San Diego or not?

Commissioner Morton stated that there is definitely a competitiveness argument – from the perspective of a developer and an operator. Affordable housing funding should be spread out broadly, but has no specific solution in mind.

The commission asked the presenters and members of the public that for further consideration of their arguments and positions, to please submit actual numbers, evidence, and/or documentation to support their positions, rather than just providing anecdotal evidence.

## **ITEM-4** Presentations from the Independent Budget Analyst on the City of San Diego Residents Opinions on City Services Survey

- Residents rated fire/police/emergency medical as most essential services
- Trash collection was rated as most essential non-public safety – trash was also the top rated service for satisfaction
- Streets were rated as top spending priority
- Citizens want more managed competition, private contractors to reduce deficit, as well as increased fees (not taxes); do not want further elimination of city services

Dr. Singh suggested that, when the Commission puts its recommendations together, it will want to make sure they are supported by the survey. He also found it interesting that the cost of living wasn’t reflected negatively in the survey – people are apparently not as concerned about it as popular perception would indicate.

Dr. Singh will be running further analysis of data set to include cross-tabulating results with income levels.

**ITEM-5** Commission Discussion on the City's Economic Development Strategy

Commissioners suggested that the Strategy needs:

- To discuss the emergence of the sports innovation cluster;
- Green tech needs to be added;
- Recommend a consumer-friendly website to fill out online or download all applications for businesses, payment of fees, scheduling of appointments.
- To synergize an agenda with the public schools; the school districts (including post secondary) boundaries largely coincide with the city's limits, shared constituencies, shared taxpayers;
- Report needs to discuss the "silo" organization of City departments, which is not user friendly from someone new to the process
- Urge economic development along the various trolley stops (especially in the underinvested areas of San Diego)

Commissioner Singh also noted that the organization of City departments/services is relevant to economic competitiveness and needs to address in the Commission's report.

**STANDING ITEMS/ UPDATES:**

**ITEM-6** Revenue Review

**ITEM-7** Revenue Audit

**ITEM-8** Peer Review

**ACTION ITEMS:** None

The meeting was adjourned by Chair Bob Nelson at 7:10PM.

Bob Nelson  
Chair